

station. The heart of the station, as I understand radio, is community service.

**"We were the information station. The parish government needed us back on the air because they were being inundated with calls for help and information. Once we were back on the air, we could get the information out and they could use the phones for the other things that needed to be done."**

Then Cook:

We sustained a lot of damage, but we didn't sustain any damage that prevented us from getting back on the air. The hurricane hit on Tuesday, we were back on the air Saturday afternoon. The parish government spent from Wednesday to Friday securing generators for us. That was their whole focus. We were the information station. The parish government needed us back on the air because they were being inundated with calls for help and information. Once we were back on the air, we could get the information out and they could use the phones for the other things that needed to be done. We were on the air around the clock. We had six National Guardsmen in here for three weeks, 24 hours a day, keeping the generators going. For several days, we played almost no music. It was all focused on information.

**"We let people know everything from contractors to roofers, what hours they could shop, what numbers to call in an emergency, anything you could possibly think of. Without local radio, where would this community have been?"**

If we hadn't been on the air, the area would have had no information about things such as ice. And that may not sound important, but when you don't have electricity for two weeks and all of your food is spoiling, and you have no way of keeping things fresh, it becomes an extremely important thing. We kept people informed about what stores were open and where they could buy gasoline. Remember, we had no electricity so it becomes a real problem to pump gas. Stores were letting people in at about five a time and they were handwriting out receipts. We let people know everything from contractors to roofers, what hours they could shop, what numbers to call in an emergency, anything you could possibly think of. Without local radio, where would this community have been? Without electricity, cable wasn't an alternative. And it didn't do any good for a station in Lafayette or New Orleans to tell people that we were out of electricity because we knew that.

Cook noted that other local media are not substitutes for radio:

Newspapers aren't as immediate, and they have problems of their own. One of the reasons the newspaper circulation is down in southern Louisiana is that many people don't know how to read. We have a lot of eighth-grade dropouts. We have a tremendous dropout

rate in this area and the rest of the state. For these people, local radio is essential. It's a sad commentary, but it's true. The school system hates to admit it, but these are the facts. So we do become a real vital information system.

The community view of the critical role radio plays was provided by the Chamber's Emile Babin:

Radio is an intricate part of what we are all about. The local news aspect is very, very important. These guys get out there and they cover the local meetings, parish councils, the city council meetings, and so forth and bring us up-to-date on things that we need to know to be a viable community. And, of course, there's the advertising function. That is probably the critical point that we all look to. I, as a consumer, want to know who is having the best sales as far as my needs are concerned. They have a vested interest, and anybody that has a vested interest in their business and their community is going to be better at what they do. I can't see a national service having that same interest. Peter Jennings is not concerned with what happens down here in Morgan City, Louisiana. Our radio stations are all locally owned and operated. In that case, everything that they do is for the advancement of not only the community, but for their own personal achievements. You can't have that type of relationship with a national conglomerate. It is just not there. It's too impersonal. We can't depend in emergency situations especially on national broadcasting. We have to depend on local people to inform us on emergency situations. And they have to be viable businesses in order to fill that role.

### The Impact of Competition on Local Radio

As they have in other small markets across the country, radio broadcasters in Morgan City have already had to adjust to competition. Miller noted that the one local station that had been knocked of the air by Hurricane Andrew two years ago had not come back on the air.

He added:

"One of the reasons the newspaper circulation is down in southern Louisiana is that many people don't know how to read. . . . For these people, local radio is essential."

"Radio is an intricate part of what we are all about. The local news aspect is very, very important. These guys get out there and they cover the local meetings, parish councils, the city council meetings . . . and bring us up-to-date on things that we need to know to be a viable community. . . . I can't see a national service having that same interest. Peter Jennings is not concerned with what happens down here in Morgan City, Louisiana."

**"With only three full-time employees, it's difficult for me to see how we can cut back any more and still be in the local radio business."**

**"... I had positioned the station so that if things were continuing to go as they were going, I could have cut to four people overnight, and relied almost totally on syndicated programs."**

**"At some point, it's going to reach over-saturation. You can only cut the pie up so many times. . . . At some point, the numbers are going to be so low, why would anybody want to spend any money with any of us? Why would a local business want to advertise on my radio station if he's going to reach 200 people. It ceases to be cost-effective for him. On the other hand, where is he going to advertise? How will he compete?"**

The city only has 18,000 people. There are just 52,000 in the parish. So with 23 other stations screaming in here, it's really tough. With only three full-time employees, it's difficult for me to see how we can cut back any more and still be in the local radio business.

With all the competition from stations in nearby large cities, local radio is especially vulnerable to changes in the local economy. Cook discussed the steps he has taken or considered to deal with the new economic realities:.

When the area hit rock bottom with the collapse of the oil industry in 1987, we brought in a satellite to do overnights and by three years ago, just prior to Hurricane Andrew, I had positioned the station so that if things were continuing to go as they were going, I could have cut to four people overnight, and relied almost totally on syndicated programs. We had set it up so that we could go to that and we were probably within four months of doing so, when the hurricane hit.

He added his concern about the increasing fragmentation of the local audience:

At some point, it's going to reach over-saturation. You can only cut the pie up so many times. You can collect the eggs from the goose or you can kill the goose and have no eggs. I don't know if we're reaching that point or not. But I know if this continues on and on, at some point they will kill local broadcasting. You cannot survive if you are trying to compete against 100 different signals. If each signal takes up just a minuscule part of your audience eventually they're gone. At some point, the numbers are going to be so low, why would anybody want to spend any money with any of us? Why would a local business want to advertise on my radio station if he's going to reach 200 people. It ceases to be cost-effective for him. On the other hand, where is he going to advertise? How will he compete? It's going to affect everybody. I don't see it being a win for anybody, including consumers.

## Concerns About the Future of Localism and the Impact of National Satellite Radio

Broadcasters and community leaders all see national satellite radio providing direct competition to local radio service and expressed concern about its effect on the ability of local stations to continue as local voices. In their eyes, the benefits of national satellite radio were unclear given the substantial diversity of radio formats currently available in the parish. On the other hand, they saw considerable costs to the community.

Paul Cook said he was especially bothered by the type of competition satellite radio would bring:

I don't mind local competition because I can effectively compete against it. I don't have a problem with it. They're playing on the same field. Not only that, we're operating in the same community. The other side of the coin is when you have fellows that drop signals in here from a satellite. They're not going to compete with us for the local dollars, but they are going to compete with us for local audience. That will weaken us. And it will not just weaken the radio market, it will weaken the whole local economy. I recognize it's probably going to happen because the people that are a long way away, who have no conception of the radio business much less small market radio, are going to make decisions that will affect all of us. We'll just have to live with them if we can. If we can't, that's about the story. We could cut our costs by tomorrow morning opening up with four employees. We could possibly get by with three employees. We've got everything we need, including the satellite link. If we reduced our billing 50 percent by doing that, we'd still make a profit and probably make a better profit than we do now. But would we actually be serving the community? The answer is 'no.' Because our news would be from the Louisiana network. We'd no longer have local news. We wouldn't have remote broadcasts. We would have national music, state news and local commercials. And that's it! I could close this building, put the station in a 12' x 40' mobile home and still be on the air. But I'd hardly be a local station anymore. Who gains from that outcome?

"They're not going to compete with us for the local dollars, but they are going to compete with us for local audience. That will weaken us. And it will not just weaken the radio market, it will weaken the whole local economy. . . . We could cut our costs by tomorrow morning. . . . We've got everything we need, including the satellite link. If we reduced our billing 50 percent by doing that, we'd still make a profit and probably make a better profit than we do now. But would we actually be serving the community? The answer is 'no.' . . . I could close this building, put the station in a 12' x 40' mobile home and still be on the air. But I'd hardly be a local station anymore."

Dennis Miller elaborated on what he saw as the impact on local businesses generally:

**"This kind of competition is going to hurt the local supermarket, the local bank, the local retailer generally. . . . [I]f people are listening to a national satellite channel, they won't hear that commercial."**

You know a 10-percent listener loss would affect our advertisers too. They depend on people hearing their ads. This kind of competition is going to hurt the local supermarket, the local bank, the local retailer generally. They depend on us and the other local stations to deliver the listeners. But if people are listening to a national satellite channel, they won't hear that commercial. Radio is the game of numbers, and it's a game we could lose. If we lose, they lose. They lose to the Wal-Marts who don't buy any local advertising anyway.

Emile Babin agreed about the implications of national satellite radio for local businesses:

**"If people don't hear the advertisement of the sales special going on at Anthony's Department Store, they are not going to go. Anthony's sales drop as a result. He says to the radio stations, 'Hey, what happened to my sales? You're not effective anymore.'"**

It can have a snowball effect. If people don't hear the advertisement of the sales special going on at Anthony's Department Store, they are not going to go. Anthony's sales drop as a result. He says to the radio stations, 'Hey, what happened to my sales? You're not effective anymore.' And it can be directly linked to people tuning in to this national service. I'm an advocate of hometown buying. I'm an advocate of circulating the dollars here in Morgan City. This thing, in my opinion, certainly would be a detriment to the circulation of dollars in the local area.

**"I can see no advantage of having a Korean station in a town like Morgan City where it might be great for a community like San Francisco. The point is, if it makes sense locally, it will be done locally."**

Babin said he had a hard time seeing the benefits of national satellite radio:

I can see no advantage of having a Korean station in a town like Morgan City where it might be great for a community like San Francisco. The point is, if it makes sense locally, it will be done locally. Why force it in some national service that will duplicate what we already have here? That's the problem with Washington bureaucrats. They make decisions based on what they think is in our best interest without even consulting us.

Our broadcasters, like our other local businesses, have a sense of community pride. You can't lose that. When you lose that, you lose the heartbeat of this country. It's the free market and I believe in the free market, but I believe there have to be limits. There have to be limits.

The assumption that local radio will continue to adapt with no loss of local service was challenged by Dennis Miller. He said:

[T]he question becomes at some point whether we can afford to be in the business. . . . The point is to let the people know the facts. . . . Without us here people wouldn't know. That's what the FCC has to understand. They have to realize that a satellite radio service cannot provide this information."

When there's a natural disaster, of course, the people will want to tune in. But the question becomes at some point whether we can afford to be in the business. It is as if our local newspaper just suddenly turned off the presses, and we had to depend on all of our news from Baton Rouge. We'd be in big, big trouble here. Same thing if I go off the air, or if I have to depend on some syndicated service. People would be in the dark, totally in the dark. It seems to me this thing is going in precisely the wrong direction. We need to start thinking as a community. We have to think as one as far as the whole parish is concerned. I think that is part of what a radio station should be doing, bringing people together. We are getting ready to have a sheriff's election. And I believe there are six people running for sheriff at this point. It could be more. We are going to do a sheriff's forum on that and it probably won't make me a plugged nickel. That's not the point. The point is to let the people know the facts. Let them decide. Without us here people wouldn't know. That's what the FCC has to understand. They have to realize that a satellite radio service cannot provide this information. I feel strongly about our local role. I guess you can tell that.

**Laconia-Franklin, New Hampshire  
Interviews**

**Craig Sikowski  
General Sales Manager  
WLNH/WBHG**

**Bill McLean  
General Manager  
WLNH/WBHG**

**Jeff Fisher  
General Manager  
WFTN**

**Carol Krohne  
Executive Director  
Lakes Region United Way**

**Henry Foley  
Owner  
Laconia Hardware**

**Judy Buswell and Lynn Carnicke  
Community Affairs Department  
Lakes Region General Hospital**

## **Laconia-Franklin, New Hampshire**

### **The Market**

Located in central New Hampshire in the heart of the Lakes Region, the communities of Laconia and Franklin depend on tourism and on their proximity to larger New Hampshire cities such as Manchester, Concord and Portsmouth and even to the Boston area 90 miles to the south, many of whose residents live at least some of the year in the area. In Laconia, for example, the population nearly quadruples during the summer. The area, which is at the foot of the White Mountain range, also draws large crowds during ski season. Between 25 and 30 percent of the housing units are second homes.

"... listeners have a lot of choice and a variety of formats including jazz, classical and all-news."

The area has a substantial diversity of radio voices. According to Craig Sikowski, general sales manager of WLNH/WBHG:

We did a survey through the local technical college of what we consider to be our competition. We turned up 16 stations with significant audience, and there are certainly other signals that are heard. So listeners have a lot of choice and a variety of formats including jazz, classical and all-news.

Our rates are down probably 20 to 30 percent from what they were in the mid-1980s for two reasons: the economy and competition. Competition has slowed our growth process in the Lakes region probably more than anything else. Even though the economy has come back, we're seeing more and more competition.

Bill McLean explained the history of the two stations he manages:

Originally it was an AM license and we sold off the AM, but WLNH in terms of its presence is really the heritage station. The FM is 35 years old and it's one of the oldest in the area. We acquired WBHG a year ago March through the RTC. It had gone into bankruptcy.



First we entered into an LMA and then eventually we purchased the license.

**"The only way for this company, WLNH Radio, Inc. to get its sales back to where they were in 1986 was to take on the ownership of a second station that had failed. . . . If you look at the history of the remaining stand-alones, and if they're honest about what they're doing or what they're not doing financially, it has been a constant struggle, and nobody is making any money."**

The only way for this company, WLNH Radio, Inc. to get its sales back to where they were in 1986 was to take on the ownership of a second station that had failed, maintaining another alternative in the market place, which in some ways competes with our existing station. Now that in itself, I think, is a telling story. If you look at the history of the remaining stand-alones, and if they're honest about what they're doing or what they're not doing financially, it has been a constant struggle, and nobody is making any money.

Sikowski described his station's advertising profile:

I think our advertising profile is similar to most markets in that car dealers account for a huge amount of our business. Back in the 1980s we did have a lot in the real estate market. But since the bottom dropped out of that market, we're relying on beverage companies, retail, restaurants, and in the summer, obviously, event-oriented recreation, such as the water slide.

**"I find the most difficult thing within the state is that a lot of businesses will buy Manchester and call it a day — or Manchester and Portsmouth and say, 'I've got all of the regional stations — that's it.'"**

National spot buys have been declining to the point where they account for less than 10 percent of our budget. We have found that more and more of the agency buys have been going to larger market stations like those in Concord. The agencies are becoming more and more selective in terms of what they are buying in the small markets. We've been hurt less than others because we've had the history of the relationships. If Coca Cola or the McDonald's is going to choose to advertise in this market, they will use us first. I find the most difficult thing within the state is that a lot of businesses will buy Manchester and call it a day — or Manchester and Portsmouth and say, 'I've got all of the regional stations — that's it.' There's no question we're working harder for the advertising dollars. The larger regional businesses like Blue Cross/Blue Shield — they'll do the Seacoast, they'll do Manchester and they'll do WHOM which is a 50,000-watt flame thrower. As a result, we're more dependent on the local folks, the local mom-and-pop store.

His view was shared by Jeff Fisher, the general manager of WFTN in Franklin:

Certainly the make-up of the advertising base has changed. In the first place, we have far more national franchises here. As a result, we're actually getting more agency business today than we were 20 years ago. On the other hand, the local retail base has declined. We suffered through a devastating recession, as did the entire country, but I don't think New England is entirely out of the recession. A lot of the small retailers who were destroyed by the recession have left the area. The banking industry has changed too. It's now 'bigger is better' when it comes to banking, so there's a real dearth of local, hometown banks in this area. When you rode around Franklin and Laconia, you saw a number of empty storefronts that were thriving businesses 10 to 15 years ago. So, in that respect, our advertising base has had to change too. While we would like to keep growing, I'm primarily concerned about staying even. It's a lot harder than it used to be.

It doesn't take an economic genius to see what's going on. You passed a brand-new Shop 'N Save. The superstore moved into the marketplace two or three years ago and promptly put the A&P across the street out of business and the IGA in West Franklin out of business. You can chalk it up to competition, but that IGA in West Franklin serviced a lot of elderly who lived nearby and did not drive. That created a significant hardship forcing them to find transportation to the new store. Shop 'N Save came in with lower prices, but as soon as their competitors closed, prices went back up. So now they're more expensive than any of the stores were three years ago before they were here. When Shop 'N Save opened, they couldn't buy enough advertising. They had us over there for remote broadcasts. They made annual buys with us and increased them around holidays. But now the competition's gone. We haven't seen an advertising dollar out of them in a year and a half, and we lost the A&P and IGA advertising too.

Fisher described another effect of the increased competition in his market:

In its wisdom, the FCC 'over-radioed' the area. And in doing so, it really precluded the mainstream station that was sort of 'all things to all people.' That's what WFTN-AM was 20 years ago. We were the local station. We provided local news, local weather, and promoted local and community events. As the industry grew and the Commission continued to license new outlets to the area, radio stations were really forced to find their niche. Today we have our niches and

"Certainly the make-up of the advertising base has changed. . . . [T]he local retail base has declined. . . . A lot of the small retailers who were destroyed by the recession have left the area. . . . It doesn't take an economic genius to see what's going on. You passed a brand-new Shop 'N Save. The superstore moved into the marketplace two or three years ago and promptly put the A&P across the street out of business and the IGA in West Franklin out of business."

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we are no longer all things to all people. Our audience is much more fragmented.

## **The Role of Local Radio in the Community**

**"At WLNH, we really are the only local station that has a true news department. We describe ourselves as 'the news and information source' and probably 75 percent of the local populace would agree with that statement. . . . We're a rare station that's live 24 hours a day with no satellite programming."**

Despite changes in the market, the local radio stations have continued to play an important role in their communities. According to Bill McLean:

At WLNH, we really are the only local station that has a true news department. We describe ourselves as 'the news and information source' and probably 75 percent of the local populace would agree with that statement. We've got a full-time newsperson on in the morning. We have a news director who comes in to do the afternoon news, so we're broadcasting live news right through 5:30. We're a rare station that's live 24 hours a day with no satellite programming. WBHG is live in the morning and then satellite after 9:00 for the rest of the day. We're on 24 hours, but it's satellite-driven the rest of the day. We're gradually adding local programming. For example, Laconia High School football games are carried live on WBHG. Our goal is to make it as community-oriented as WLNH is.

**"One of the things we're proudest of is our support of the annual 'SantaFund' every December. Last year we raised close to \$20,000. It is actually a trust fund that can be used throughout the year to help underprivileged kids."**

Craig Sikowski provided an example of his station's support of the community:

One of the things we're proudest of is our support of the annual 'SantaFund' every December. Last year we raised close to \$20,000. It is actually a trust fund that can be used throughout the year to help underprivileged kids. This was initially started by the local newspaper, but we have taken over the fundraising part of it. We can do a lot more than the newspaper to create community support. For example, we set up a temporary studio downtown so that people could stop by and donate right there. We have auctions of retail items that the merchants donate, so it's 100 percent profit for the fund.

Carol Krohne, Executive Director of the Lakes Region United Way, confirmed the important role that local radio plays:

The Lakes Region United Way is a fundraising organization that provides about a half million dollars to approximately 24 agencies. The bulk of that fundraising is done through volunteer help. That half million we raise supports our budget and the 24 agencies, but more importantly, it provides service to about 20,000 people in the Lakes Region. We don't have a media budget so we rely on local radio stations for public service announcements and other promotions. I don't believe that a nonprofit should have to buy time when they are providing a community service. We have also been fortunate that the radio stations in this area have been very supportive of the United Way. For example, WLNH sponsored a bridal show, along with a local shop, Veils and Tails. People paid \$2 for admission with the money going to United Way. WLNH promoted it. The result was exposure and money for the United Way, which is terribly important to us, but for the proprietor as well. And often the proprietors aren't able to make a cash gift to the United Way, but we are able to secure their support or services in another way such as this bridal show. Another example would be our annual campaign called 'Dig for Diamonds.' It's been going on here for a couple of years, supported by a local jeweler, the United Way and WLNH. We have a huge sandbox and we put in nonprecious and precious stones, one of which is a huge diamond. People pay a dollar to dig and it raises almost \$1,000 for the United Way.

"We don't have a media budget so we rely on local radio stations for public service announcements and other promotions. . . . We have also been fortunate that the radio stations in this area have been very supportive of the United Way."

Radio also provides vital links to the community for local businesses. Henry Foley, the owner of Laconia Hardware, explained:

I do not use TV. I would have to go to Manchester. That would not be cost-effective because I would be blanketing the whole state when my customer base is here. Cable is not an option for me. Cable is in only 60 percent of households, so to begin with I'm missing 40 percent of my market. And I think most people are like me. When a television commercial comes on, I turn it off. In my mind I turn it off whether or not I physically turn it off. On the other hand, if I'm in my car driving back and forth, I'm captured. That's the audience I'm going after. For example, I sponsor the 8:00 weather every morning so I'm getting that drive time.

"I do not use TV. I would have to go to Manchester. That would not be cost-effective because I would be blanketing the whole state when my customer base is here."

Local radio does a lot for the community. They are focused on the community, and I have a relationship with them because I know they are going to do things that are community-based. That's very important as a retailer. They're reaching the same audience I'm trying to reach. They become a magnet. Also, the people they have

"It started with our relationship with Blue Cross/Blue Shield. . . . They dangle a carrot of advertising, but they need something extra. . . . I suggested we create a public service campaign, where every dollar they buy in advertising would be credited to a kind of 'piggy bank' of public service announcements. I then contacted Lakes Region General Hospital to ask, 'Is there anything hot that is an issue right now that we can jump on board with?' The hospital mentioned the youth smoking campaign and told me the state task force had run into money problems. . . . We suggested a PSA campaign, and so we went to the high school where we did a seminar on radio, on how to write a commercial. . . . [W]e came up with a commercial that was creative and unique, featuring the kids doing their own script. . . . So everybody was happy. Blue Cross got their value-added opportunities, and they looked like a hero to local schools and to the hospital."

working for them know the area. They know us and they know the community, so they can help us that way. Now from an advertising perspective, when I'm advertising, I'm too small a business to know what I'm really doing, so I need their help just like they need my help. They know how to make my ads relevant to the local community because they know the area, they know us, they know our customer. That's why when we start talking about using the TV, forget about cost, they don't know me because they're 45 miles away. My business is very seasonal, whether it's fans in the summer or snowblowers in the winter. I can just take my regular ad and put a tag on it letting people know we have what they need. I couldn't do that with a national service. While I might benefit indirectly from a national product ad, it's not going to end up saying, 'Come get it at Laconia Hardware.' That's what is critical to me given all the competition I face, especially from the big chains.

Craig Sikowski described WLNH's efforts in connection with a recent public service campaign on the dangers of youth smoking:

It started with our relationship with Blue Cross/Blue Shield. In order for us to keep their advertising, we had to come up with what is called 'value-added' programming; that is, 'what can you give me for nothing.' They dangle a carrot of advertising, but they need something extra. Well, we really didn't have any events coming up in the near future that would have been a good tie-in. So, I suggested we create a public service campaign, where every dollar they buy in advertising would be credited to a kind of 'piggy bank' of public service announcements. I then contacted Lakes Region General Hospital to ask, 'Is there anything hot that is an issue right now that we can jump on board with?' The hospital mentioned the youth smoking campaign and told me the state task force had run into money problems. However, the hospital had already gotten the ball rolling at Belmont High School, so they had their credibility on the line. It seemed like a perfect fit. We suggested a PSA campaign, and so we went to the high school where we did a seminar on radio, on how to write a commercial, and so forth. Then we came up with a commercial that was creative and unique, featuring the kids doing their own script. And then we tag the end saying, 'Brought to you as a public service by Blue Cross and Blue Shield.' So everybody was happy. Blue Cross got their value-added opportunities, and they looked like a hero to local schools and to the hospital. We were able to make it all happen.

The hospital's perspective was provided by Judy Buswell, head of the Community Affairs Department:

"Our youth smoking program was part of Lakes Region General Hospital's campaign to get people to understand that tobacco use is unhealthy. . . . Our involvement began because of my role on one of a series of task forces administered through a state smoking prevention program. . . . I thought to call Craig [Sikowski] at WLNH. . . . I didn't have to go any further because Craig picked right up on it."

"It had a real impact. People heard it, absolutely. They also played the PSA over the public address system at school. It became a real source of pride for the school. Another radio station heard it and wants it to air as a PSA. On the state level, other task forces would like to use it in their communities as well. I'm especially happy because it was a project that met everybody's needs."

Our youth smoking program was part of Lakes Region General Hospital's campaign to get people to understand that tobacco use is unhealthy. A huge percentage, about 90 percent of people who smoke, begin the habit before the age of 20 and 75 percent begin at an even earlier age. So what we need to do is get to the kids early. We looked at all different ways to relate to kids and that's how we started working in the schools, working with the teachers and supporting them in curriculum resources. Our involvement began because of my role on one of a series of task forces administered through a state smoking prevention program. One of their ideas was to do public service announcements. As a task-force chairman, I was asked to find some kids to participate. So I went to the high school and identified some kids and got them all excited about it only to learn that the state funding had been reallocated. Well, we weren't about to let those kids down. Somehow I thought to call Craig [Sikowski] at WLNH. We have a good relationship with him, so I told him: 'This is something that I would like to do. How can we make it happen?' I didn't have to go any further because Craig picked right up on it. So I called the health teacher at Belmont High School who is also on the task force and she said she would set the time aside for Craig and me to meet with the kids. We told them what we wanted, and they came up with the idea for a talk-show format and told us how they thought the issues should be handled. Craig then worked up a script, they rehearsed it and then came to the studio to record it. They got so much out of it, plus they got to see how a radio station works. In fact, several of them were so excited, they're talking about radio as a career.

It had a real impact. People heard it, absolutely. They also played the PSA over the public address system at school. It became a real source of pride for the school. Another radio station heard it and wants it to air as a PSA. On the state level, other task forces would like to use it in their communities as well. I'm especially happy because it was a project that met everybody's needs. It satisfied something in me because it allowed all of these people to get out of their boxes and share resources and work together. WLNH was a catalyst that made it all possible.

## The Impact of Competition on Local Radio

"It certainly has provided listeners with more variety of entertainment formats, but in so doing, it's also removing some of the local flavor of radio. In our case, if we are seen as just a local Franklin station, it actually hurts us. We have to develop a product that is perhaps a little more generic, little more global, a little less local and a little more mass appeal. We tend to shy away from more localized events that were really important to us back in 1974 and 1975."

"As we change in the face of all this competition, the nature of local radio changes. To me something is being lost, and I'm not sure what, if anything, is here to replace it."

As is true in the other markets we visited, radio broadcasters in Laconia-Franklin have already felt the effects of additional competition. The broadcasters we interviewed talked about change and how they were coping with it.

Jeff Fisher viewed competition as "a mixed bag." He explained:

It certainly has provided listeners with more variety of entertainment formats, but in so doing, it's also removing some of the local flavor of radio. In our case, if we are seen as just a local Franklin station, it actually hurts us. We have to develop a product that is perhaps a little more generic, little more global, a little less local and a little more mass appeal. We tend to shy away from more localized events that were really important to us back in 1974 and 1975. Good example: There's a carnival going on in town. They've set up down by the high school. This is something that has been going on as long as I've been here and it's designed to help raise money for the hospital. For many years, it was an event from which we would broadcast. Today, because we have tried to make ourselves more music-intensive to meet the competition, we're not covering the carnival. We're not broadcasting live because we have a ton of listeners down in the Concord area who could care less and, which research has shown, would be totally ambivalent toward a broadcast like that. We have to pay attention to those listeners because, with all the competition, we're still really fighting over the same size pie. And unfortunately, the variety of stations and the variety of formats that are now available in this area has sliced the pie smaller. As a result, we have to pay attention to the larger picture as opposed to the smaller picture. It is part of how we are coping with competition, but we're no longer the local presence we once were. We can't afford to be.

For example, things like the 'Swap and Shop' and lost pet announcements have become history. You can't do that kind of stuff anymore because you sound too local and too small-town. If we want to compete against the other broadcasters out there, especially those using national satellite networks, we have to sound like they do. We can't sound like that small-town radio station any more. As we change in the face of all this competition, the nature of local radio changes. To me something is being lost, and I'm not sure what, if anything, is here to replace it.

Competition has also had mixed effects on radio's ability to tap the local advertising market. While the availability of more radio outlets and the increased efforts by cable systems to tap the local advertising market has forced each station to work harder, it has also presented some problems. Craig Sikowski explained:

We constantly work to overcome a perception that radio doesn't work anymore. That's already a huge objection that you have to overcome in selling radio. And the moral of this market is that the more it gets fragmented, the more there is frustration on the part of retailers.

Bill McLean elaborated:

I'll tell you what my fear is. We sell two things in our business: we sell advertising and we sell audience. And if our audiences dry up, that impacts our ability to sell the advertiser. That's true even though we may not be selling to the same advertisers as a national service. The psychology of the advertiser becomes 'there's just too much fragmentation in this market for radio.' There are so many choices now. We've got the 16 over-the-air stations. Now maybe there will be 100 new choices via satellite. It's borderline overwhelming now. We are starting with the psychological mindset of most of these small retailers that they don't want to spend the money on advertising anyway.

In the abstract, it's easy to say radio is an efficient medium for advertising. But, it is not perceived as efficient on the part of a merchant who is going to have 16 sales people knocking on his door while he's trying to run his business.

Henry Foley's comments reflected a similar concern on the part of local business:

We have too many radio stations in our small area as it is. We don't need any more. If we cut up the audience any more, radio won't make any sense for me. Plus, I've already got too many salesmen trying to sell me the same thing. And they all start by telling me they're "Number One." At some point, you have to be concerned about diversity cutting into quality. I know I am.

"We sell two things in our business: we sell advertising and we sell audience. And if our audiences dry up, that impacts our ability to sell the advertiser. . . . The psychology of the advertiser becomes 'there's just too much fragmentation in this market for radio.' "

"If we cut up the audience any more, radio won't make any sense for me. . . . At some point, you have to be concerned about diversity cutting into quality."



Sikowski noted that this perception had affected his stations' marketing strategy:

**"Here you need to reach 75 to 80 percent of the market to give you enough numbers to make it work and make the expenditure worthwhile."**

We acquired the second station to give us more 'shelf space.' We started selling the two in combination in January. We tried to create two separate sales staffs and found a lot of objections from the retailers. With 16 radio stations, each one of them has a rep knocking on their door, so a lot of our advertisers see it as just one more rep knocking on their door, and they really didn't like it.

McLean explained that small-market radio encounters different dynamics:

There's another dynamic at work here. In a small market like this, you've got to sell your merchandise practically to everybody in the market or you're not going to succeed. You can't specialize or buy specialized advertising like you can in Boston where you can buy 1 percent of the market and have more than enough people come through your door. Here you need to reach 75 to 80 percent of the market to give you enough numbers to make it work and make the expenditure worthwhile. This is really a generalized market where anybody out there can be a buyer of goods and services. We keep WLNH a mainstream adult contemporary station exactly for that reason.

**"... many of those stations can't afford the heart and soul of our business which is human resources."**

Local broadcasters made it clear that additional competition was already having an impact on their operations. For example, Fisher said:

Quite honestly, Docket 80-90 already hurt because the burgeoning number of radio stations forced us to niche broadcast and specialize, and, in so doing, gave rise to a lot of stations that are 24-hour satellite that used to be live most of the day. Put simply, many of those stations can't afford the heart and soul of our business which is human resources. Period.

Fisher discussed how local stations have tried to adapt to change by relying more on satellite-delivered programming themselves:

"I think that satellite networks today provide a very attractive alternative for radio stations. However, to compete locally and to make ourselves a more integral part of the community, we try to generate as much broadcasting locally as we can. . . . And obviously, if you had to tighten the belt further, it's the first place you cut. We then have to rely even more on satellite programming. At some point, we'll all sound alike. We may be moving to homogenize radio broadcasting."

I think that satellite networks today provide a very attractive alternative for radio stations. However, to compete locally and to make ourselves a more integral part of the community, we try to generate as much broadcasting locally as we can. Obviously, when you go to a generic network, you're providing less local service. And that local service can be very important. Witness the fact that we have had some potentially severe weather almost all this week. The heat has spawned some severe thunderstorms around the state. We've had torrential rains up here the last few days, but fortunately nothing that even approached a tornado. Of course, that's always a possibility this time of year. Once you employ a satellite, it becomes much more difficult to provide your local listeners with constant news and updates. During automated hours, you have to send someone to the station who then resets the computer which is programmed to insert the commercials and local breaks. Of course, for a major catastrophe, we'll do what we have to do. But for something less than that, it becomes a tougher call. And obviously, if you had to tighten the belt further, it's the first place you cut. We then have to rely even more on satellite programming. At some point, we'll all sound alike. We may be moving to homogenize radio broadcasting.

### **Concerns About the Future of Localism and the Impact of National Satellite Radio**

"Wal-Mart is going to kill a number of local businesses, and those are the businesses who have been using local radio effectively. At the same time, satellite radio makes local radio less effective. So it's a vicious cycle."

In light of the importance both local broadcasters and community leaders attach to local service, there was concern that the emergence of national satellite radio would further fragment the listening audience and force broadcasters to take additional economizing steps as a result.

Bill McLean saw national satellite radio diverting listeners and creating a "vicious cycle" regarding his advertising base:

It seems to me that this kind of national service is designed as an outlet for the Wal-Marts of the world. Wal-Mart is going to drive out a number of local speciality stores. For example, their fishing department is going to cripple a local bait and tackle shop. Wal-Mart is going to kill a number of local businesses, and those are the businesses who have been using local radio effectively. At the same

time, satellite radio makes local radio less effective. So it's a vicious cycle.

**"If the satellite pulls listeners away from local radio, I lose customers to Wal-Mart. Now I can't compete with Wal-Mart on price, but I sure can on service. Have you ever asked someone at Wal-Mart how to fix a snowblower or install a plumbing fixture? . . . I'm concerned that we seem to be on a fast track to destroy local business."**

Henry Foley expressed similar concerns, also in terms of Wal-Mart:

It seems to me like this new satellite service would be very cost-effective for a big company like Wal-Mart. We've got a Wal-Mart six miles from here in Tilton. If the satellite pulls listeners away from local radio, I lose customers to Wal-Mart. Now I can't compete with Wal-Mart on price, but I sure can on service. Have you ever asked someone at Wal-Mart how to fix a snowblower or install a plumbing fixture? That's what people look to us for, but it doesn't help us if they're not buying products here in the first place. I'm concerned that we seem to be on a fast track to destroy local business. We put a lot back into this community in addition to the goods we sell.

**"If this new satellite service slices the pie even smaller for local stations, we are going to have to cut back even more in terms of what we do locally. . . . We're able to do these things largely because we have the manpower and the staff to do it. But the logical result of a further fragmentation of our audience is that we have to look for other places to save."**

Jeff Fisher talked about the likely result:

If this new satellite service slices the pie even smaller for local stations, we are going to have to cut back even more in terms of what we do locally. Even though we no longer broadcast from the carnival, we still do a helluva good job of covering local news and we do a helluva good job of covering local events and promoting local events and raising money for local community organizations like the Franklin Boosters Club and Red Cross Blood Drive in downtown Laconia. We do that largely out of our pocket. We're able to do these things largely because we have the manpower and the staff to do it. But the logical result of a further fragmentation of our audience is that we have to look for other places to save. Radio is a people-intensive business.

**"It doesn't take a genius to see that this kind of growth hits at the very heart of our industry, certainly in a small town. It saps both our energy and our ability to provide the kinds of service that we provide."**

The quickest place for me to save money if I lose 10 percent of my business is to cut staff. I can't use 10 percent less electricity. I can't use 10 percent less telephone. I can't pay 10 percent less taxes. Someone's going to have to go. That someone may have been part of the support team that helped us run the board while our morning guy was down doing his show to raise money for the high-school boosters' club or the midday fellow who's giving blood and encouraging other people to come down because summertime is so busy in the Lakes Region and there's a desperate need for Type O. It doesn't take a genius to see that this kind of growth hits at the very heart of

**"People in Washington should understand. They are not just sitting here with a tower rebroadcasting something they get from a national network, but they actually have a real local presence. . . . I wouldn't have had that opportunity if it was strictly national satellite programming because the local component would be missing."**

**"A national satellite service wouldn't provide us the opportunity to build local support. In fact, it could make things more difficult if it weakens local stations."**

**"I don't want to criticize Wal-Mart, because nationally they are a huge supporter of the United Way. . . . It's not that they aren't supportive, but it's a very distant relationship. Unlike our local campaign, it can't possibly reflect the special needs of this community."**

our industry, certainly in a small town. It saps both our energy and our ability to provide the kinds of service that we provide. And I can tell you in my case, if my business was cut another 10 percent, the easiest thing for me to do would be to use more of the satellite and less live local.

The impact of such steps on the community concerned Lynn Carnicke of Lakes Region General Hospital:

People in Washington should understand. They are not just sitting here with a tower rebroadcasting something they get from a national network, but they actually have a real local presence. We would be hard-pressed without that resource. For example, I have been working helping the community cope with this heatwave. It has really created problems, especially for the elderly. Our goal is to emphasize steps people should be taking to prevent heat-related illnesses. I put together something and faxed it off to the radio stations for them to put on-air as soon as possible. I wouldn't have had that opportunity if it was strictly national satellite programming because the local component would be missing.

Carol Krohne was also concerned about the muting of local voices:

With all the cutbacks in government services, nonprofits are expected to pick up a greater share of the burden. We need all the help we can get if local communities are to solve these problems. And the key, it seems to me is our ability to marry a lot of local interests. A national satellite service wouldn't provide us the opportunity to build local support. In fact, it could make things more difficult if it weakens local stations. I can think of a parallel for you. We have a local raffle which is a big money-raiser for us. We try to have six or seven very good prizes. This year, I went out looking for a TV. There was nobody locally I could turn to except the big chains, Wal-Mart, Major Brands, Ames, Rich's. And if you call Ames or Rich's, you are referred to a national group who has the budget and makes the decisions only to find that all the money has been committed. So we are not able to get a television set locally because local stores don't sell TVs anymore. They can't afford to compete in the market. I don't know about you, but I think something has been lost as a result. I can see the same thing happening to local radio if they are replaced by a national service. I don't want to criticize Wal-Mart, because

nationally they are a huge supporter of the United Way. They have their own national committee, they run their own campaign at a certain time, they have their own pledge cards. It's not that they aren't supportive, but it's a very distant relationship. Unlike our local campaign, it can't possibly reflect the special needs of this community.

Jeff Fisher said he was troubled by the "blatant contradiction" inherent in the FCC's willingness to push the new national satellite radio service:

The underlying theme of the FCC has always been community service, localism. Period. And this is such a blatant contradiction because they're talking about a service which is totally devoid of anything local and which is going to force broadcasters, who now offer that local service to offer less, by the sheer economics of it. They should be thinking of what the long-term effects of this kind of a service are going to be on small-town broadcasters especially those who have lived for the last 10 years through some devastating recessions, through a loss of local retail business and who have seen their base diminish and will see it continue to diminish when these services come in and steal away both listeners and advertisers.

**"[T]his is such a blatant contradiction because they're talking about a service which is totally devoid of anything local and which is going to force broadcasters, who now offer that local service to offer less, by the sheer economics of it."**

One of the ways we've adapted to increased competition is to acquire a second FM station. Deregulation made that possible and that's good to a point. At some point, though, it doesn't make sense to buy up stations simply to maintain your base. It's overkill. It's like buying a third pair of shoes. You have one pair of shoes to take on your trip and a second pair just in case the first pair gets wet, but a third pair is just too much to carry. You've got to draw the line someplace. Two plus one does not necessarily equal three. The small broadcaster who's not independently wealthy and is forced into buying a third station may have so little cash left, that in order to operate all three stations, he's going to have to make serious cutbacks at stations number one and two in order to keep number three on the air. Infinity and Evergreen can afford to do that kind of thing, but we're not a \$425-million-a-year company. So that presents us with a very iffy future. And quite honestly, a frightening prospect. I'm afraid it's going to become like so many other things. You're going to have to be an Evergreen or Infinity to exist. If you don't have an enormous financial base to help you survive, you're going to go out of business. The FCC is going to wind up throwing the baby out with the bathwater. I think that's the direction we're headed now. It's going to hurt people who put a lot of good years into this business,

and it's going to hurt the radio stations that I think made this business so great for so many years and made broadcasting such an important part of the local communities.

**"I see this adding one more layer of competition that approaches being the proverbial last straw. . . ."**

Bill McLean added:

I see this adding one more layer of competition that approaches being the proverbial last straw — enough is enough, we used to be competing with half the number of stations we're competing with now. It's taken money off the table. It's hurt the initial investments that have been made in this station. And I don't see how the community benefits. There is plenty of diversity right here in terms of format choices.

The need for a balanced outcome was emphasized by Judy Buswell of Lakes Region General Hospital:

**"I like the idea that I can have as much information as I want and can have access to national services, but not if that's going to turn us into a homogeneous kind of society where we forget our own roots and if it locks out the community sense and the community feeling."**

I wonder why it has to be an either/or situation. I suppose it is really nice to have the choice of a lot of different programming, but somehow I would think that it could be accomplished without undermining local stations. I mean we would not be a community if we didn't have access to local voices. And the broadcast media provide those voices for us. I like the idea that I can have as much information as I want and can have access to national services, but not if that's going to turn us into a homogeneous kind of society where we forget our own roots and if it locks out the community sense and the community feeling, and puts people back into their boxes.

**Enid, Oklahoma  
Interviews**

**Hiram Champlin  
Owner/General Manager  
KCRC, KNIO, KXLS**

**Bert Chambers  
General Manager  
KGWA, KOFM**

**Mike Cooper  
Mayor  
Enid, Oklahoma**

**Jed Dillingham  
Owner  
Dillingham-Martin Insurance**

## Enid, Oklahoma

### The Market

Located in north central Oklahoma, Enid is a city of 45,000. The local economy depends principally on agriculture, oil and Vance Air Force Base. Vance is the single largest employer in Enid and surrounding Garfield County.

Hiram Champlin, whose family once owned a large oil refinery in Enid and who now owns and manages KCRC, KNIO and KXLS, discussed the city's history:

"Since 1982, we've probably lost 15 percent of our population. Every bank in the state has had major problems. . . . We called it the depression out here. . . . Enid has gone from a mainly middle-class town to a wealthy-to-upper-middle-class and lower-middle-class town. We've lost the middle class. We had a refinery here that closed. Average pay there was \$20 to \$30 an hour. Now people are making \$7.50 to \$8.00 an hour. That is what Enid has gone through."

Enid has the boom-or-bust economy typical of most commodity-producing states. This area was settled in the land rush — the largest land rush in the history of the United States or in the world for that matter. Enid is the largest city in the 'Cherokee Strip.' Oklahoma was settled by people who did not have anything. The came because the land was free. All they had to do was live on it for five years. Farming and cattle are the prime activities, as they have always been. Since 1982, we've probably lost 15 percent of our population. Every bank in the state has had major problems. Of the top 10 banks in Oklahoma, all but one is gone. The largest bank was First National of Oklahoma City. It was a \$3-billion bank and the FDIC sold it to Interstate out in California for a negative \$70 million. They gave them \$70 million to take it over. We called it the depression out here. Things were pretty dismal, but now things are getting a little bit better. We have a new university. We have Philips University which is one of the leading private colleges in the nation, and we've started a local higher education center where you can get a degree from Oklahoma University or Oklahoma State University. We've gotten one of the technology grants that Vice President Gore's group awarded. There are a couple hospitals here. You have people reinventing their job descriptions. Enid has gone from a mainly middle-class town to a wealthy-to-upper-middle-class and lower-middle-class town. We've lost the middle class. We had a refinery here that closed. Average pay there was \$20 to \$30 an hour. Now people are making \$7.50 to \$8.00 an hour. That is what Enid has gone through.



The story was picked up by Bert Chambers, the general manager of KGW/ and KOFM, as he described the challenges faced by the city over the years:

**"The oil industry, even though it has gone through its heyday and had its bust, is rebuilding slowly and is stronger today than it has been in the recent past. The good news for us is the Base Realignment and Closure [BRAC] Commission and its latest round of hearings. Vance was one of the bases considered for closure, but we were not on that final list."**

**"Our economy has had some rocky years. . . . [W]e've been focusing on economic development efforts to attract industry here in order to build a more secure foundation."**

Enid was hit hard economically by the oil bust and by the decline in agriculture. There were a lot of problems with the family farm, a lot of people who were going through bankruptcies and those kinds of things. Enid went through a transition. Enid at one time had the Champlin refinery, a very large refinery located in this community that employed a significant number of people. The downturn in that industry led to the refinery's closing. A number of people became unemployed as a result of that. The downturn in agriculture and particularly in the price of wheat — there are principally wheat farmers around here — also hurt the economy. We still rank about third or fourth in the nation with cattle. That's principally what we are — rural folks who depend on agriculture. Many people here grew up on family farms.

The oil industry, even though it has gone through its heyday and had its bust, is rebuilding slowly and is stronger today than it has been in the recent past. The good news for us is the Base Realignment and Closure [BRAC] Commission and its latest round of hearings. Vance was one of the bases considered for closure, but we were not on that final list. Now that they have closed several other pilot training bases, we believe that the future of Vance Air Force Base will likely be strong. That's had a positive impact on the psychological state of mind of the people of Enid in recent days. So some positive things are happening, but since the early 1980s Enid's seen some tough times.

The city's leaders are optimistic about the future, but agree that much remain to be done. Mayor Mike Cooper said:

Our economy has had some rocky years. We've gone from boom to bust with the oil industry, but it is recovering. We went from a population of around 60,000 in the 1970s to somewhere in the 30,000s. Now we're coming back. Today our economy depends on Vance, Northrop, oil and agriculture mainly. With that as our base, we've been focusing on economic development efforts to attract industry here in order to build a more secure foundation. Slowly, but surely, we're bringing in food processing, light industry and telecommunications. It's been slow, but we're making progress.